

**ASSEMBLY, No. 2536**

---

**STATE OF NEW JERSEY**

**218th LEGISLATURE**

---

INTRODUCED FEBRUARY 1, 2018

**Sponsored by:**

**Assemblyman HAROLD "HAL" J. WIRTHS**

**District 24 (Morris, Sussex and Warren)**

**Assemblywoman VALERIE VAINIERI HUTTLE**

**District 37 (Bergen)**

**Assemblyman ANTHONY M. BUCCO**

**District 25 (Morris and Somerset)**

**Co-Sponsored by:**

**Assemblywoman Chaparro, Assemblyman Peterson, Assemblywoman B.DeCroce, Assemblymen Giblin and Space**

**SYNOPSIS**

Concerns long term tax exemptions on certain age-restricted low-income housing.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 2/1/2019)**

1 AN ACT concerning long term tax exemptions on age-restricted  
2 housing, amending P.L.1983, c.530, and supplementing  
3 P.L.1991, c.431 (C.40A:20-1 et seq.).  
4

5 **BE IT ENACTED** *by the Senate and General Assembly of the State*  
6 *of New Jersey:*  
7

8 1. (New section) Notwithstanding the provisions of sections 12  
9 and 13 of P.L.1991, c.431 (C.40A:20-12 and C.40A:20-13) to the  
10 contrary, the governing body of a municipality may agree to  
11 continue a tax exemption for a qualified subsidized housing project  
12 beyond the date on which existing first mortgage financing is fully  
13 paid so long as the project continues to receive project-based  
14 federal section 8 rental assistance, or other federal project-based  
15 vouchers.  
16

17 2. Section 37 of P.L.1983, c.530, (C.55:14K-37) is amended to  
18 read as follows:

19 37. a. It is the intent of the Legislature that in the event of any  
20 conflict or inconsistency in the provisions of this act and any other  
21 acts concerning housing sponsors or any rules and regulations  
22 adopted thereunder, to the extent of such conflict or inconsistency,  
23 the provisions of this act shall be enforced and the provisions of  
24 such other acts and rules and regulations adopted thereunder shall  
25 be of no effect.

26 b. The governing body of any municipality in which a housing  
27 project financed or to be financed by the agency is or is to be  
28 located may by ordinance or resolution, as appropriate, provide that  
29 such project shall be exempt from real property taxation, if the  
30 housing sponsor enters into an agreement with the municipality for  
31 payments to the municipality in lieu of taxes for municipal services.  
32 Any such agreement may require the housing sponsor to pay to the  
33 municipality an amount up to 20% of the annual gross revenue from  
34 each housing project situated on such real property for each year of  
35 operation thereof following the substantial completion thereof. For  
36 the purpose of this section, "annual gross revenue" means the total  
37 annual gross rental or carrying charge and other income of a  
38 housing sponsor from a housing project. If any such agreement is  
39 entered into from the date of recording the mortgage on the project  
40 to the date of substantial completion of the project, the annual  
41 amount payable to the municipality as taxes or as payments in lieu  
42 of taxes in respect of the project site shall not be in excess of the  
43 amount of taxes on the project site for the year preceding the  
44 recording of the mortgage. Any agreement between any housing  
45 sponsor and a municipality pursuant to this subsection shall be

**EXPLANATION** – Matter enclosed in bold-faced brackets **[thus]** in the above bill is  
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 submitted to the agency for review in order to avoid duplicating,  
2 overlapping or inconsistent regulations or provisions. Any  
3 exemption from taxation pursuant to the provisions of this section  
4 shall not extend beyond the date on which the eligible loan made by  
5 the agency on the project is paid in full.

6 c. Notwithstanding the provisions of subsection b. of this  
7 section to the contrary, the governing body of a municipality may  
8 agree to continue a tax exemption for a "qualified subsidized  
9 housing project," as defined under subsection 1. of section 3 of  
10 P.L.1991, c.431 (C.40A:20-3), beyond the date on which the  
11 eligible loan made by the agency on the project is fully paid, so  
12 long as the project continues to receive project-based federal  
13 section 8 rental assistance, or other federal project-based vouchers.  
14 (cf: P.L.1983, c.530, s.37)

15  
16 3. This act shall take effect immediately.

#### 17 18 19 STATEMENT

20  
21 The "Long Term Tax Exemption Law," P.L.1991, c.431  
22 (C.40A:20-1 et seq.), currently allows certain age-restricted housing  
23 developments to receive a tax exemption for up to 35 years, or until  
24 the expiration of first mortgage financing. At the option of the  
25 municipal governing body, this bill allows certain age-restricted  
26 housing projects to continue to receive the long term tax exemption  
27 beyond the date on which first mortgage financing is fully paid.

28 Under the bill, the extended tax exemption time frame would be  
29 limited to the number of years that the project continues to receive  
30 project-based federal section 8 rental assistance, or other federal  
31 project-based vouchers. Under current law, the cutting off of the  
32 tax exemption upon the expiration of first mortgage financing  
33 creates a disincentive to early debt repayment. This bill is intended  
34 to correct this misplaced incentive, and may also allow project  
35 owners to pay maintenance costs and make other important  
36 payments, with money that would otherwise be owed in taxes.

37 The tax exemption extension permitted under this bill would  
38 only apply to projects that (1) are owned by a nonprofit corporation,  
39 (2) meet the definition of a "qualified subsidized housing project"  
40 under section 3 of P.L.1991, c.431 (C.40A:20-3), and (3) continue  
41 to receive project-based federal section 8 rental assistance, or other  
42 federal project-based vouchers.